

- Shipments of manufactured goods in BC remained fairly flat in January, rising only 0.1%
- New motor vehicle sales in BC fell 10.2% in January
- Visitor entries slumped in January

## The Economy

- Manufacturing shipments in BC were virtually flat in January (+0.1%, *seasonally adjusted*) as a 1.0% slump in shipments of non-durable goods partially offset a 0.8% gain in durables. The rise in shipments of durable goods occurred despite a 1.1% drop in shipments from wood manufacturers, which comprise the largest manufacturing industry in the province. This was the fifth consecutive month in which wood products experienced a decline. Primary metals (-7.3%) and non-metallic mineral goods (-4.4%) also saw significant reductions in shipments.

The strongest growth in durables was from manufacturers of transportation equipment (+10.5%) and machinery (+10.1%). Fabricated metal products (+6.2%) and furniture (+6.7%) also experienced robust shipment increases.

A 6.2% drop in shipments of paper was the main contributor to the slide for non-durables. The 1.4% jump in food shipments and the 7.2% rise in plastics and rubber products were not enough to boost overall non-durable shipments over December's total.

Nationally, total manufacturing shipments rebounded in January with a 3.0% increase. Most provinces contributed to the growth, with the exception of Newfoundland and Labrador (-8.4%) and Prince Edward Island (-4.7%). Yukon (-8.8%) and the Northwest Territories and Nunavut (-11.2%) also had a slump in shipments. Saskatchewan manufacturers saw the strongest growth (+6.1%), while Ontario (+3.3%) and Quebec (+4.5%), Canada's manufacturing hubs, also experienced solid gains.

*Data Source: Statistics Canada*

- Sales of new motor vehicles in BC plunged (-10.2%, *seasonally adjusted*) in January. Nationally, sales were also lower (-1.5%), but deal-

ers in BC posted the worst performance of all provinces with the exception of Saskatchewan, where new motor vehicle sales dropped 13.4%. Quebec boasted the strongest growth in sales (+3.8%) and was one of only four provinces with better numbers in January compared to December.

*Data Source: Statistics Canada*

## Health

- Over one fifth (22.6%) of British Columbians aged 12 or older reported using some form of alternative health care in 2003. A visit to a chiropractor was the most common form of alternative health care for people from BC (12.9%), followed by massage therapy (7.7%).

Nationally, 20.3% of Canadians consulted with alternative health care practitioners, with all the western provinces and Yukon above the average and all the provinces east of Manitoba and the Northwest Territories & Nunavut below the average. Some of the differences are likely due to provincial variations in health benefits and the coverage they provide for these types of alternative health care. As a result of partial coverage, at best, use of these services tends to rise with income.

*Data Source: SC Catalogue No. 82-003-XPE, vol. 16, no. 2*

- British Columbia had the lowest prevalence of asthma among the provinces in 2003. Only 7.3% of British Columbians reported having asthma compared to 8.4% nationally. Nunavut was the only region in the country with a smaller proportion of asthma sufferers, at 4.0%, while Nova Scotia had the largest percentage, at 9.3%. Males in BC were less likely to have asthma (6.6%) than females (8.0%), but in both cases, asthma prevalence was the lowest in the country, with the exception of Nunavut.

*Data Source: SC Catalogue No. 82-003-XPE, vol. 16, no. 2*

### Did you know...

According to Guinness' global brewmaster, every year, Canadians drink about 1.8 million pints of Guinness on St. Patrick's day

#### Education

- **Canadian students with lower incomes are more likely to attend university than those in the United States, according to a new Statistics Canada study.** The study found that in the US, 63% of university students were in the top income quartile (the 25% of households with the highest incomes), with only 15% in the bottom quartile. In Canada, students were much more evenly distributed among the income quartiles, with 46% in the top income class and 24% in the bottom quartile. The difference in access for disadvantaged students could be due, at least in part, to the preponderance of more expensive private universities in the United States, as well as higher tuition fees across the board, even at public universities.

*Data Source: SC Catalogue No. 11F0019MIE, No. 244*

#### Tourism

- **The volume of travellers entering Canada via BC border crossings slumped (-4.7%, *seasonally adjusted*) in January.** Most of the overall drop was accounted for by declines in US same-day trips (-6.2%) to BC, making overall entries from the US fall 5.6%. Overseas visitor entries stayed fairly flat (-0.7%) in January, as a decrease in Asian travellers (-2.8%) was offset by more visitors from Europe (+2.6%) and Oceania (+1.5%, including Australia and New Zealand).

*Data Source: Statistics Canada*

#### I am Canadian

- **A growing number of people are identifying themselves as Canadian, rather than belonging to European, Asian or other ethnic groups.** In the 2001 Census, nearly 40% of the population identified themselves to be Canadian, while only 31% in 1996 and 4% in 1991 made the same claim. The 1996 Census was the first time "Canadian" was included as one of example answers to related questions.

Not surprisingly, those born in Canada of Canadian-born parents are most likely to report "Canadian" (53%) in addition to another ethno-cultural ancestry.

The more generations the respondents' families have spent in Canada, the more likely they re-

port a Canada background. This might explain why residents of Quebec (69%) are more likely to claim a Canada background than any other provinces, and residents of the Western provinces are least likely to do so (25%).

*Data Source: SC Catalogue No. 11-008, No 76*

#### Marital Satisfaction

- **According to the 2001 General Social Survey, older couples between the ages of 50 and 74 years are generally satisfied with each other, reporting an average score of 30 in a relationship quality scale from 9 to 35.** Retired older couples (31) fared even better compared to older couples where both partners were working or looking for work (29).

*Data Source: SC Catalogue No. 11-008, No 76*

#### The Nation

- **National sales of large retailers rebounded 2.5% in January (*seasonally adjusted*) after a modest decline in December.** Overall, large retailers sold \$8.1 billion worth of products in January. Sales of food & beverages and clothing, footwear & accessories led the growth by posting a robust 3.5% increase. Only the sales of hardware, lawn & garden products (-1.8%) at large retailers declined in January.

*Data Source: Statistics Canada*

- **Both foreign investment in Canada and Canadian investment abroad remained virtually unchanged from the third to fourth quarters of 2004.** Foreign investors continued to purchase Canadian stocks, but those increases were offset by a decline in holdings of Canadian bonds. Meanwhile, Canadian investors were increasing their holdings of foreign bonds, but a combination of fewer purchases of foreign stocks and the appreciation of the Canadian dollar helped keep overall Canadian investment abroad flat.

*Data Source: Statistics Canada*

- **Canada's national net worth expanded 6.3% in 2004 to \$4.3 trillion.** The growth was a combination of a 5.7% rise in national wealth and a significant decline in net foreign debt. National net worth per capita stands at \$132,500.

*Data Source: Statistics Canada*

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## The Impact of Upcoming Retirements on the BC Labour Supply

In many collective agreements and employer pension plans in the province, there are contractual arrangements in place for mandatory retirement at age 65. On the basis that mandatory retirement at any age is discriminatory, the practice has been banned in the US, Australia, New Zealand and in several Canadian provinces. According to the 2005 Speech from the Throne, the Government will consider limiting the practice of mandatory retirement in the BC workplace.

Besides the human rights issues associated with mandatory retirement, there are also emerging economic issues that would benefit from a ban on the practice. With "baby-boomers" reaching middle age, most developed countries are dealing with a large component of their population moving out of the workforce into retirement. BC also faces this dilemma, and is at risk of labour shortages in the near future.

The following chart shows that 25 per cent of the workforce today is over the age of 49. If retirement trends continue as they exist today, a very large proportion of that 25 per cent will retire within the next ten years, as well as a substantial number of the 45-49 year olds. Alongside this trend of an increasing older workforce, the number of young flowing into the workplace is declining, so that today the under-30 group is about the same size as the over-49 group

This article will examine what the next 10 to 20 years could bring in terms of labour supply: whether shortages are likely and if so, what our options are to alleviate the shortages.

### Recent History of Labour Market Activity of the BC Population

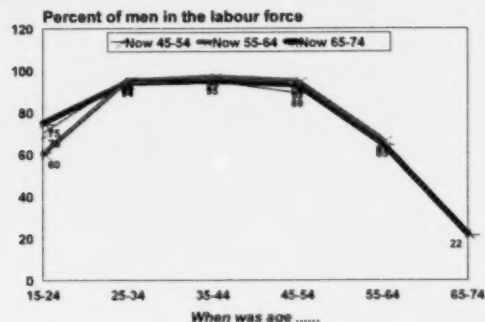
*In recent history, approximately one in six members of the workforce were approaching retirement. That proportion has recently climbed to one in four*



In order to project what is in store for the labour supply in BC over the next 10 to 20 years, it is necessary to look at the historical participation of men and women in the workforce by age group. From that we will attempt to predict the future labour market behaviour of the younger generations.

The chart below shows the labour market participation of three age cohorts of men who are 10 years apart, specifically those who were age 45-54, 55-64 and 65-74 in 2001. The workforce pattern of these men over their lifetime can be simulated by looking at the decennial censuses up to 2001, to see what each 10-year age cohort were doing every 10 years of their working lives. The chart shows that 10 years difference in age really had no differential impact on the lifetime labour market behaviour of men who are now in their middle age.

Three different 10 year cohorts of middle aged men show virtually no difference in their lifetime labour market behaviour

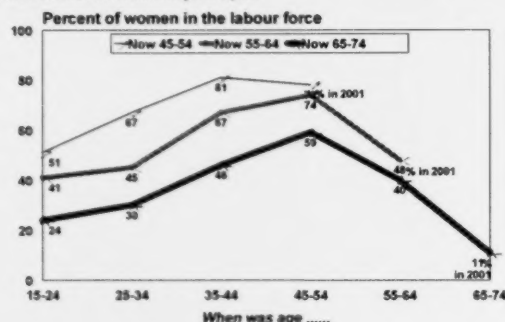


Only the young age group, age 15-24, shows any differences between generations. This finding is consistent with the known sensitivity of this age group to economic conditions—often they will choose school over work when good jobs are hard to come by. Despite this slight variation among the young, it is reasonable to assume the age-specific workforce participation of men, as it stands today, will be a good predictor of future workforce behaviour of the generations that follow.

On the other hand, women now in their middle age who were born 10 years apart have shown huge variations in their lifetime patterns of workforce attachment. Those now age 65-74, lived through the era of starting their families early and being “stay-at-home-mums”. The chart shows that when they were 25-34, less than one in three were working. Yet, among those 10 years younger, one-half were in the workforce at that same period of their lives and those 10 years younger again, two out of three were working. (Currently, four of every five women age 25-34 participate in the workforce.) This large discrepancy between these ten-year age cohorts in their behaviour when they were 25-34 carried on throughout most of their working lives. The older generation attained their most active workforce participation when they were 45-54, but it still only reached 59 per cent.

The interesting thing from this chart on women is how in 2001 there were indications that the labour market behaviour of these diverse generations have begun to converge. There was only a differ-

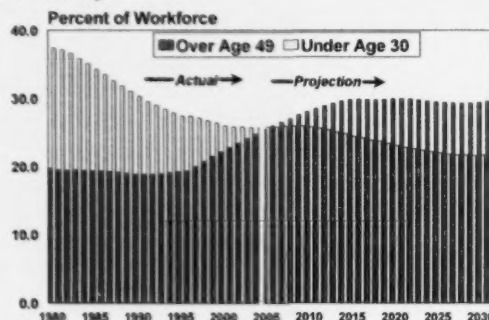
ence of 4 percentage points between the 55-64 year olds compared to those 10 years younger when they were both age 45-54. By 2004, that gap has continued to erode to a 3 percentage point gap. Similarly, what was an 8 percentage point gap among those 10 years older has been reduced to a 5 point difference currently. So it appears as though the impact of very different social norms for different age cohorts of women in the early years of their lives has finally worked its way through the system. In the future, workforce profiles of different generations of women will likely be quite similar to one another as they currently are between different generations of men. This is the assumption used to project the age structure of the BC workforce as shown in the following chart.



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## Projection of the Age Structure of the BC workforce: The Impending Labour Shortage

The long term time trend shows how unusual the current age mix of the workforce is: the ready-to-retire are projected to overtake young employees within the next two years and will continue to do so well into the 21st century.





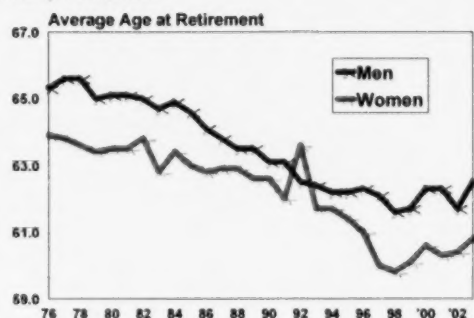
If women and men continue to participate in the workforce as they did in 2004, the per cent of the workforce approaching retirement will increase up to 2016 at which point it will reach 30 per cent. This means close to one in every three members of the labour force will be on the verge of retirement.

High retirement rates do not necessarily translate into labour shortages. However, alongside the increasing number of retirees, the potential young workforce, those under 30, will be trending downwards. From 2006 on, it is probable that the flow-out of retirees will surpass the flow-in of young replacement workers. This will be the first time this has occurred since 1971 when good labour market data was first collected. And if the status quo remains as is, this imbalance will continue for many years into the future.

Three factors could change this projection of labour shortage:

- One would be an increased inflow of young workers. If there is a labour shortage, the natural labour market mechanism of more job openings and increased wages will encourage more of the young to participate in the workforce. However, such a result could be to the detriment of their education.
- Another is to increase the in-flow of workers from other provinces and/or other countries to fill the vacancies. This traditionally has been a very viable option for BC to meet its labour needs because of the province's advantage in lifestyle compared to much of the rest of Canada. However, Canada and other developed countries will also be facing labour shortages, meaning competition for new workers could be intense. Skilled immigrants from the developing nations could provide relief. Before that can happen, the federal government will have to ensure that qualified immigrants are able to practise their skills in Canada.
- The third factor could be an increase in the age that people retire. Given the current and projected size of the "nearing retirement" workforce, a conservative estimate of the impact of potential retirees postponing their retirement is an increase in the size of the labour force by two to three per cent for each additional year worked. The shortfall of young workers coming on-stream compared to retirees leaving is projected to be approximately 8 per cent of the workforce. Thus, a one-year increase in the average age of retirement would go a long way in reducing that gap.

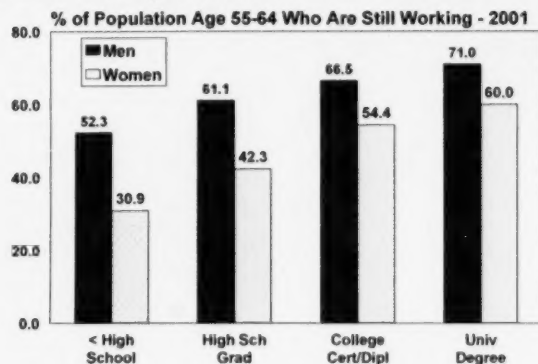
*Since 1976, Canadian men and women have shown a fairly continuous trend to younger and younger retirement. In 1998 that decline bottomed out and currently shows signs of heading back up for women.*



Keeping potential retirees in the workforce for longer than they normally would work is a viable option to address future labour shortages. The chart above shows how the average retirement age in Canada has been dropping at a steady rate since the mid-seventies, partially due to increased coverage of social security programs and partly because of increased wealth. In 1998/99, the average age for retirement in Canada was 61, the youngest it had ever been. Since then it has been creeping back up, primarily as the result of the sharp decline in the stock market in 2001/02. Between 1999 and 2003, the average age of retirement increased by more than 8 months. As well, there is much leeway to increase that age further—the average age of retirement in the 1970s was more than three years older than it is today.

What could bring about an increase in the average age of retirement? As can be seen from the increase in the age of retirement since the reduction in stock market wealth, economic incentive is a strong motivator to discourage employees from retiring. Similarly, the next chart shows how the higher the level of education and hence the higher the salary, the longer employees keep on working.

*The more educated the individual, the less likely they are to take early retirement.*



Employers who face labour recruitment problems could well start to offer higher salaries, more flexible work arrangements and increased pension benefits for those who agree to stay longer. And governments may well step in and remove the disincentives which discourage workers from working past the age of 65, such as mandatory retirement, or re-structure the Canada Pension Plan to provide more lucrative financial incentives to workers who remain in the workforce after the age of 60.



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## BC at a glance . . .

POPULATION (thousands)		Oct 1/04	% change on one year ago
BC		4,209.9	1.1
Canada		32,040.3	0.9
GDP and INCOME		2003	% change on one year ago
(BC - at market prices)			
Gross Domestic Product (GDP) (\$ millions)		145,550	5.2
GDP (\$ 1997 millions)		133,600	2.5
GDP (\$ 1997 per Capita)		32,175	1.6
Personal Disposable Income (\$ 1997 per Capita)		19,758	0.3
TRADE (\$ millions, seasonally adjusted)			% change on prev. month
Manufacturing Shipments - Jan		3,586	0.1
Merchandise Exports - Jan		2,631	3.0
Retail Sales - Dec		4,008	0.7
CONSUMER PRICE INDEX		12-month avg Jan '05	% change
(all items - 1992=100)			
BC		123.6	2.1
Canada		125.3	1.9
LABOUR FORCE (thousands)		Feb '05	% change on prev. month
(seasonally adjusted)			
Labour Force - BC		2,258	0.9
Employed - BC		2,100	0.4
Unemployed - BC		158	8.9
			Jan '05
Unemployment Rate - BC (percent)		7.0	6.5
Unemployment Rate - Canada (percent)		7.0	7.0
INTEREST RATES (percent)		Mar 16/05	Mar 17/04
Prime Business Rate		4.25	4.00
Conventional Mortgages - 1 year		4.80	4.30
- 5 year		6.05	5.70
US/CANADA EXCHANGE RATE		Mar 16/05	Mar 17/04
(avg. noon spot rate) Cdn \$		1.2036	1.3411
US \$ (reciprocal of the closing rate)		0.8300	0.7471
AVERAGE WEEKLY WAGE RATE		Feb '05	% change on one year ago
(industrial aggregate - dollars)			
BC		704.90	2.8
Canada		692.92	2.6

### SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada  
 Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics  
 For latest Weekly Financial Statistics see [www.bankofcanada.ca](http://www.bankofcanada.ca)

## Electoral District Profiles



Statistical Profiles of Provincial Electoral Districts are useful to candidates and their parties, voters, media, students, and all other organisations and individuals engaged in the democratic and political process.

The link below will take you to our jumping off point to a range of information from the latest 2001 census profiles to similar work for 1996 and 1991 periods.

<http://www.bcstats.gov.bc.ca/Regions/ped.htm>

### Released this week by BC STATS

- Labour Force Statistics, February 2005
- Earnings & Employment Trends, February 2005
- Exports, January 2005

### Next week

- Consumer Price Index, February 2005
- Migration Highlights, 4<sup>th</sup> Quarter 2004
- Immigration Highlights, 4<sup>th</sup> Quarter 2004

